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## BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER  
Chairman

WILLIAM A. MUNDELL  
Commissioner

MARC SPITZER  
Commissioner

MIKE GLEASON  
Commissioner

KRISTIN K. MAYES  
Commissioner

Arizona Corporation Commission

DOCKETED

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DOCKETED BY

KJ

IN THE MATTER OF THE APPLICATION  
OF CHAPARRAL CITY WATER  
COMPANY, INC., AN ARIZONA  
CORPORATION, FOR APPROVAL OF AN  
OFF-SITE FACILITIES HOOK-UP FEE  
TARIFF

DOCKET NO. W-02113A-05-0722

DECISION NO. 68305ORDER

Open Meeting  
November 8 and 9, 2005  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On October 13, 2005, Chaparral City Water Company, Inc. ("Chaparral City" or the "Company") filed an application for approval of an Off-Site Facilities Hook-up Fee Tariff. This tariff filing was ordered in Decision No. 68176 (dated September 30, 2005) as follows:

"IT IS FURTHER ORDERED that Chaparral City Water Company, Inc. shall cease charging hook-up fees until such time that it has an approved off-site facilities hook-up fee tariff on file."

2. The Company's prior hook-up fee was approved by the Commission in Decision No. 57395 (dated May 23, 1991).

3. The Company serves the Town of Fountain Hills which is located along the eastern city limits of Scottsdale within Maricopa County. The operation of the water system consists of an 18 million gallon per day Central Arizona Project water treatment plant, two wells, eight storage

1 tanks, six booster stations and a distribution system, with four pressure zones, serving  
2 approximately 13,000 customers.

3 4. In Decision No. 57395, the Commission established a hook-up fee for the Company  
4 but ordered that a portion of the revenue generated by the hook-up fee be treated as revenue for the  
5 purpose of establishing rates and charges. During its last rate case, the Company requested that  
6 hook-up fees be treated as contributions in aid of construction ("CIAC") which was approved in  
7 Decision No. 68176.

8 5. Prior to the October 13, 2005 tariff filing the Company docketed as a compliance  
9 item a "Notice of Filing an Off-Site Facilities Hook-Up Fee Tariff" which preserved the fee  
10 calculation established in Decision No. 57395. Upon receiving this compliance item, Staff  
11 contacted the Company and advised it that in order to have an approved tariff, the Company  
12 should file the compliance item as a new tariff filing and further recommended using Staff's latest  
13 standard tariff form. Staff emailed the Company its latest tariff form that included for illustrative  
14 purposes a tariff fee table starting at \$2,000 for a 5/8 x 3/4-inch service connection. The  
15 Company's proposed Off-Site Facilities Hook-Up Fee Tariff filed on October 13, 2005,  
16 incorporates Staff's recommended standard form hook-up fee tariff and requested a tariff fee of  
17 \$2,000 for all new 5/8 x 3/4-inch service connections. It appears that a lack of communication  
18 may have resulted in the Company including the illustrative fee amounts in its tariff proposal.

19 6. Staff has reviewed the Company's proposed tariff and recommends using the  
20 maximum amount of \$1,000 for a 5/8 x 3/4-inch meter established by the Commission in Decision  
21 No. 57395. The fee calculation established in Decision No. 57395 provides:

22 "The fee shall be a variable fee, fixed on January 1 of each calendar year, computed  
23 by dividing \$369,404.50 by the number of new hook-ups during the previous  
24 calendar year; however, in no event shall the hook-up fee be higher than \$1,000 nor  
25 less than \$500.

26 7. Staff is recommending the amount be set at the maximum and no longer variable  
27 since all the monies collected will now be considered as CIAC and not revenue.

28 ...

8. Staff recommends approval of the Company's Off-Site Facilities Hook-up Fee Tariff as modified by Staff and reflected in the attached Tariff Schedule.

## CONCLUSIONS OF LAW

1. Chaparral City is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Chaparral City and over the subject matter of the application.

3. Approval of the filing does not constitute a rate increase as contemplated by A.R.S. Section 40-250.

4. The Commission, having reviewed the application and Staff's Memorandum dated October 25, 2005, concludes that the tariff is reasonable, fair and equitable and therefore is in the public interest.

5. Staff's recommendation, as set forth in Finding of Fact No. 8, is reasonable and should be adopted.

## ORDER

THEREFORE, IT IS ORDERED that Chaparral City Water Company, Inc.'s application for approval of an Off-Site Facilities Hook-Up Fee Tariff, be and hereby is approved.

IT IS FURTHER ORDERED that Chaparral City Water Company, Inc. shall comply with Staff's recommendation contained in Finding of Fact No. 8.

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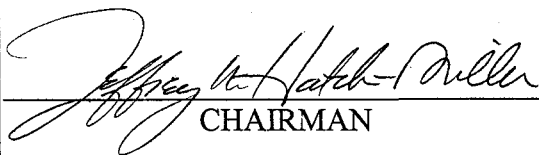
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IT IS FURTHER ORDERED that Chaparral City Water Company, Inc. shall file with Docket Control as a compliance item in this docket, within 30 days, a copy of the Off-Site Facilities Hook-Up Fee Tariff approved herein.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

  
CHAIRMAN

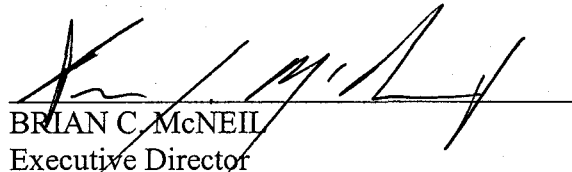
  
COMMISSIONER

  
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COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 14<sup>th</sup> day of November, 2005.

  
BRIAN C. McNEIL  
Executive Director

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:MSJ:lhv\DR

1 SERVICE LIST FOR: Chaparral City Water Company, Inc.  
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